

State of Alaska FY2006 Governor's Operating Budget

**Dept. of Commerce, Community, and Economic Dev.
Qualified Trade Association Contract
RDU/Component Budget Summary**

RDU/Component: Qualified Trade Association Contract*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

The Alaska Travel Industry Association will be the leading industry organization promoting Alaska as a top visitor destination, communicating and promoting the Alaskan tourism industry as one of the state's major economic forces, and will be the respected voice of the industry for the growth of the industry, while remaining attentive to care for the environment, recognition of cultures and Alaska's quality of life.

Core Services

- Promote and facilitate travel to and throughout the State of Alaska.
- Provide a broad-based association of individuals and companies with an interest in the visitor industry in Alaska.
- Increase awareness of the economic importance of the visitor industry.
- Work cooperatively with the state on tourism development and long-range planning.

This component is fully implemented through a contract with the Alaska Travel Industry Association. The end results, strategies, and performance measures for this component are those of the Alaska Travel Industry Association and are currently under review and being revised.

End Results	Strategies to Achieve Results
A: Conduct advertising and collateral programs, and utilize new technology to increase interest and awareness of Alaska as a world-class visitor destination <u>Target #1:</u> Distribute over 700,000 marketing brochures to prospective travelers <u>Measure #1:</u> Number of brochures distributed <u>Target #2:</u> Increase TravelAlaska.com page views by 5% over FY03 <u>Measure #2:</u> Percentage Increase of Page Views over FY03.	A1: Provide high quality travel planning information to high potential visitors. <u>Target #1:</u> Distribute 375,000 Invitation to Alaska brochures. <u>Measure #1:</u> Number of Invitation to Alaska brochures distributed. <u>Target #2:</u> Distribute 450,000 Official Alaska State Vacation Planners. <u>Measure #2:</u> Number of Alaska State Vacation Planners Distributed. A2: Create high quality professional internet websites that are effective in improving Alaska's image as a world-class visitor destination <u>Target #1:</u> Increase web page viewing on the Alaska travel websites by 5% over FY03 to FY04. <u>Measure #1:</u> Percentage increase in web page views on the Alaska travel websites from FY03 to FY04.
End Results	Strategies to Achieve Results

<p>B: Increase North American Visitors</p> <p><u>Target #1:</u> Increase travel to Alaska by all modes from North America during the summer season.</p> <p><u>Measure #1:</u> Grow North America visitor arrivals by air, highway and sea over FY03 levels during the FY04 summer season.</p>	<p>B1: Generate requests for Alaska trip planning information from high potential visitors by utilizing various direct mail, advertising and public relations efforts to solicit high potential visitors.</p> <p><u>Target #1:</u> Obtain 488,500 high potential visitor requests in FY04.</p> <p><u>Measure #1:</u> Number of high potential visitor requests in FY04.</p> <p>B2: Foster Alaska travel interest, provide planning information and act as facilitator between Alaskan tour suppliers and North American travel trade buyers.</p> <p><u>Target #1:</u> Increase awareness and product knowledge by the travel trade distribution system throughout North America</p> <p><u>Measure #1:</u> Increase travel trade participation in the ICTA travel specialist program by 10% over FY03.</p>
<p>End Results</p>	<p>Strategies to Achieve Results</p>
<p>C: Increase International Visitation to Alaska</p> <p><u>Target #1:</u> Grow international visitation from the following markets - Japan, German-speaking Europe, Australia, the UK, Taiwan and Korea.</p> <p><u>Measure #1:</u> Increase visitors from 5 out of 6 of these countries over FY03 levels.</p>	<p>C1: Foster travel interest internationally in the countries where Alaska has general representation.</p> <p><u>Target #1:</u> Work with international tour suppliers/operators and air carriers to ensure availability of new and diversified high-quality Alaska product.</p> <p><u>Measure #1:</u> Increase the number tour products and international air carrier service offered to Alaska.</p>
<p>End Results</p>	<p>Strategies to Achieve Results</p>
<p>D: Endeavor to position Alaska as a year - round destination</p> <p><u>Target #1:</u> Increase travel to Alaska year-round, specifically focusing on the winter and "shoulder" months.</p> <p><u>Measure #1:</u> Increase visitation during the winter and "shoulder" months.</p>	<p>D1: Increase interest and awareness of Alaska's unique year-round opportunities - activities, scenery and wildlife.</p> <p><u>Target #1:</u> Conduct marketing and advertising campaigns to improve year-round visitor arrivals.</p> <p><u>Measure #1:</u> Increase the number of shoulder and winter season marketing efforts over the previous year.</p>
<p>End Results</p>	<p>Strategies to Achieve Results</p>
<p>E: Identify and increase independent road and highway market</p> <p><u>Target #1:</u> Determine the size of the U.S. highway market and identify those known to have high interest in visiting Alaska by car/RV/ferry.</p> <p><u>Measure #1:</u> Conduct joint highway research with Canada to determine most effective way to reach and motivate the independent road traveler.</p>	<p>E1: Continue the joint effort with Tourism North, which leverages marketing dollars, as well as pursue other joint ventures/partnerships.</p> <p><u>Target #1:</u> Market primarily to the long-haul traveler, the fly/drive segment, motor coach tours and the Marine Highway with primary focus on the long-haul independent traveler</p> <p><u>Measure #1:</u> Obtain 45,000 visitor requests from the Tourism North marketing efforts.</p>

Major Activities to Advance Strategies

- Increase interest in Alaska as a visitor destination by targeting visitors who have an active interest in visiting Alaska
- Attract a diverse group of travelers to Alaska travelling by a variety of travel modes
- Position Alaska as a year-round destination
- Increase independent visitation to Alaska
- Increase the rate of repeat visitation to Alaska
- Increase awareness and participation of businesses in the Statewide tourism marketing program

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$5,005,100

Personnel:

Full time	0
Part time	0
Total	0

Performance Measure Detail

A: Result - Conduct advertising and collateral programs, and utilize new technology to increase interest and awareness of Alaska as a world-class visitor destination

Target #1: Distribute over 700,000 marketing brochures to prospective travelers

Measure #1: Number of brochures distributed

Analysis of results and challenges: Each year, the ATIA establishes a goal in regards to the number of marketing brochures distributed to potential visitors.

ATIA will continue to measure the number of brochures being sent each week, along with the total for the year, and share this information with the state and ATIA's member businesses. This is important data because it substantiates how effectively ATIA marketing programs deliver Alaska's message.

The number of marketing brochures being distributed in 2004 is consistent with 2003 and represents the limit that can be achieved within a \$10 million budget. In order to increase the number of brochures being produced and distributed, ATIA would need to see a corresponding increase in the marketing budget.

Target #2: Increase TravelAlaska.com page views by 5% over FY03

Measure #2: Percentage Increase of Page Views over FY03.

Analysis of results and challenges: Each year, the ATIA establishes a goal in regards to the number of the number of people visiting the TravelAlaska.com website.

ATIA will continue to measure website traffic using WebTrends software. This is important data because it substantiates how effectively ATIA marketing programs deliver Alaska's message. In FY04, ATIA upgraded it's WebTrends software so more comprehensive data could be tracked and evaluated.

Traffic to the TravelAlaska.com website in FY03 increased by 40% over FY02 due to a major redesign to the site's design and navigation that was completed in January 2003. ATIA anticipates seeing an increase in traffic in FY04 based on refreshed copy throughout the site and the fact that data will be collected on the re-designed site for a full year.

A1: Strategy - Provide high quality travel planning information to high potential visitors.

Target #1: Distribute 375,000 Invitation to Alaska brochures.

Measure #1: Number of Invitation to Alaska brochures distributed.

Analysis of results and challenges: The Invitation to Alaska brochure was designed as a persuasive piece that increases interest in an Alaska vacation and motivates people to learn more about Alaska by requesting a State Vacation Planner, or gathering additional information from the TravelAlaska.com website.

ATIA will continue to track the number of Invitation brochures being sent out each week and will post the information on the www.alaskatia.org website. Members can access this information see how many people receiving the Invitation brochure are then motivated to request the Vacation Planner.

Target #2: Distribute 450,000 Official Alaska State Vacation Planners.

Measure #2: Number of Alaska State Vacation Planners Distributed.

Analysis of results and challenges: This measure is important because ATIA sells ads in the State Vacation Planner and on the website and it is important to show advertisers that their message is being delivered to as many people as possible.

ATIA will continue to track the number of Vacation Planners being sent out each week and will post the information on the www.alaskatia.org website. Members can access this information and compare distribution of the Vacation Planners to patterns they are seeing in inquiries and bookings for their individual businesses.

A2: Strategy - Create high quality professional internet websites that are effective in improving Alaska's image as a world-class visitor destination

Target #1: Increase web page viewing on the Alaska travel websites by 5% over FY03 to FY04.

Measure #1: Percentage increase in web page views on the Alaska travel websites from FY03 to FY04.

Analysis of results and challenges: In FY03, ATIA and the marketing committee determined that page views was the most important metric to track in regards to website traffic. Also, with the redesign of TravelAlaska.com, it became increasingly important to determine how site traffic patterns were changing month to month, and which online features and content pages potential visitors were most interested in finding on the website.

ATIA will continue to measure website traffic on a monthly basis using an upgraded version of WebTrends software that allows ATIA to track and evaluate comprehensive online activity data. ATIA will also continue to implement Website Usability and Website Visitor Tracking studies that were first introduced in 2003.

Traffic to TravelAlaska.com increased by 40% in FY03, as compared to FY02, due to a major redesign to the site's design and navigation. We anticipate an increase in website traffic in FY04 because the site will undergo a complete content review and we will incorporate additional enhancements for our membership and future Alaska visitors.

B: Result - Increase North American Visitors

Target #1: Increase travel to Alaska by all modes from North America during the summer season.

Measure #1: Grow North America visitor arrivals by air, highway and sea over FY03 levels during the FY04 summer season.

Analysis of results and challenges: ATIA is the lead tourism industry organization in Alaska and therefore, the definitive source that state agencies, individual businesses and the media turn to when seeking tourism information or visitation projections. Therefore, it is very important that visitor arrivals by all modes of travel be accurately tracked and reported.

On an ongoing basis, ATIA's Tourism Planner collects information from the airports, cruise lines and U.S. customs office to ensure current information is available for planning and reporting purposes.

B1: Strategy - Generate requests for Alaska trip planning information from high potential visitors by utilizing various direct mail, advertising and public relations efforts to solicit high potential visitors.

Target #1: Obtain 488,500 high potential visitor requests in FY04.

Measure #1: Number of high potential visitor requests in FY04.

Analysis of results and challenges: This measure is important because ATIA strives to ensure marketing efforts are performing at optimal levels and Alaska's message is being delivered to those most likely to visit in the coming year.

Weekly reports are prepared showing the number of visitor requests processed for the week and year-to-date. These reports detail how many requests were generated from individual magazine ads, direct mail lists, television networks and online marketing efforts. The report also shows how many requests were generated from prior year campaigns and miscellaneous sources such as general media articles and phone/fax/mailed requests received by ATIA.

B2: Strategy - Foster Alaska travel interest, provide planning information and act as facilitator between Alaskan tour suppliers and North American travel trade buyers.

Target #1: Increase awareness and product knowledge by the travel trade distribution system throughout North America

Measure #1: Increase travel trade participation in the ICTA travel specialist program by 10% over FY03.

Analysis of results and challenges: ATIA works extensively with the Institute of Certified Travel Agents (ICTA) to increase the knowledge of Travel Agents in North America and throughout the world in regards to Alaska travel. ATIA will continue to work with ICTA to identify ways to increase Alaska's exposure with the travel trade.

ICTA provides ongoing reports to ATIA on the number of requests for the Alaska Destination Specialist program and the number of enrollees graduating from the course. In FY03 more than 700 travel professions ordered the Alaska course and 150 graduated and became certified Alaska Destination Specialists. ATIA also promotes the Alaska Destination Specialist course through advertising in trade publications and by conducting personal training sessions, which are also tracked and evaluated to determine overall effectiveness.

C: Result - Increase International Visitation to Alaska

Target #1: Grow international visitation from the following markets - Japan, German-speaking Europe, Australia, the UK, Taiwan and Korea.

Measure #1: Increase visitors from 5 out of 6 of these countries over FY03 levels.

Analysis of results and challenges: It is increasingly important to track the number of visitors coming from overseas markets, especially given the changes that occurred as a result of 9/11 and homeland security issues. In FY03, ATIA conducted an international research study to determine the size of the prospective and high potential visitor markets in Japan, Australia, UK and German-speaking Europe. This study provides a baseline measurement tool for future assessment. The AVSP also provides information regarding the number of visitors coming from specific international markets.

ATIA maintains representation in 5 markets as outlined above. In addition, ATIA works in concert with the State to promote Alaska travel in international markets without direct representation.

C1: Strategy - Foster travel interest internationally in the countries where Alaska has general representation.

Target #1: Work with international tour suppliers/operators and air carriers to ensure availability of new and diversified high-quality Alaska product.

Measure #1: Increase the number tour products and international air carrier service offered to Alaska.

Analysis of results and challenges: ATIA works to identify, support and build alliances with travel agents and tour operators, offering them educational and informative tools that help them sell Alaska as a premier travel destination. Through the annual Alaska Travel Fair, ATIA is able to bring together domestic and international buyers with sellers. ATIA also participates in domestic and international travel events and serves as the facilitator between Alaska tour suppliers and travel trade buyers. After each event, leads are entered into a database and can be compared to prior year programs so effectiveness of the marketing efforts can be analyzed. ATIA also maintains a list of new tour products being introduced each year and shares this information with ATIA members, the media and State officials.

ATIA has been an active participant in discussions with international air carriers looking to introduce service to Alaska or increase the number of flights they offer.

D: Result - Endeavor to position Alaska as a year - round destination

Target #1: Increase travel to Alaska year-round, specifically focusing on the winter and "shoulder" months.

Measure #1: Increase visitation during the winter and "shoulder" months.

Analysis of results and challenges: This measure is important because Alaska's carrying capacity is far from being met and existing infrastructure is not being utilized to the fullest extent. There is potential for tourism growth, which will positively impact Alaska's economy. Through the AVSP, other research studies and tracking mechanisms, we can determine the number of visitors from year to year and evaluate that growth. Of particular importance is the ability to see visitation levels in the winter and "shoulder" months, visitation by different modes of travel and what areas of the state visitors tend to visit most.

ATIA's Tourism Planner tracks major Alaska airport arrivals and departures, cruise ship numbers, and border crossings compiled by U.S. Customs so comparisons may be made year to year.

D1: Strategy - Increase interest and awareness of Alaska's unique year-round opportunities - activities, scenery and wildlife.

Target #1: Conduct marketing and advertising campaigns to improve year-round visitor arrivals.

Measure #1: Increase the number of shoulder and winter season marketing efforts over the previous year.

Analysis of results and challenges: Many Alaska businesses see substantial drops in their business activity in the winter and "shoulder" seasons, which causes them to implement drastic operational changes season to season. This boom/bust business cycle is challenging because it places many businesses in a "make-it-or-break-it" situation. If a national event similar to September 11 were to happen in the months preceding the summer "high" season, small independent Alaska business would be more susceptible to failure because they have less resources to tide them over a bad season. Improving winter visitation would also bode well for residents looking for solid year-round employment.

E: Result - Identify and increase independent road and highway market

Target #1: Determine the size of the U.S. highway market and identify those known to have high interest in visiting Alaska by car/RV/ferry.

Measure #1: Conduct joint highway research with Canada to determine most effective way to reach and motivate the independent road traveler.

Analysis of results and challenges: For the first time, Alaska is partnering with Canada to conduct joint highway research. This is very important as the state continues to see significant decreases in the number of highway visitors, at a time RV sales in the lower 48 are booming. It's important to note that this research could not be done by Alaska individually due to the cost. Obtaining financial assistance from Alberta, British Columbia and Yukon was critical in getting this important research accomplished and will impact highway marketing efforts for the next several years.

This research will show ATIA the potential size of Alaska/Canada long-haul highway travel market so ATIA can

adjust its highway marketing efforts accordingly. Results should be available in January/February of 2004.

E1: Strategy - Continue the joint effort with Tourism North, which leverages marketing dollars, as well as pursue other joint ventures/partnerships.

Target #1: Market primarily to the long-haul traveler, the fly/drive segment, motor coach tours and the Marine Highway with primary focus on the long-haul independent traveler

Measure #1: Obtain 45,000 visitor requests from the Tourism North marketing efforts.

Analysis of results and challenges: In 2004, the Tourism North program will continue to focus on reaching potential highway travelers and persuade them to request Alaska and Canada highway travel information. By working cooperatively with Canadian partners in the Tourism North program, we offer a cohesive travel message for consumers looking to travel by car/RV through Canada and into Alaska. The state is also able to leverage marketing funds and reach a larger national audience.

Last year, roughly 25,000 visitor requests were generated through Tourism North marketing efforts. In 2004, Tourism North partners expect to double that number by reallocating funds from collateral development to direct response marketing.

Key Component Challenges

- Securing additional funding for tourism marketing is needed to ensure Alaska's message is being heard and we are reaching those most likely to travel. According to the 2004-2005 TIA Survey of U.S. State & Territory Tourism Office Budget, Alaska's tourism marketing budget ranked 20th among the 50 states.
- Worldwide events such as the war and homeland security issues continue to impact the travel industry in Alaska and worldwide.
- The national trend toward taking shorter trips that are closer to home works against Alaska, especially as it relates to long-haul driving vacations.
- The substantially shortened booking pattern has impacted all segments of the Alaska tourism industry.
- Accessibility to Alaska's public lands will continue to impact Alaska tourism product offerings.

Significant Changes in Results to be Delivered in FY2006

With increased funding, the Qualified Trade Association will increase its promotional efforts such as increasing Alaska's television presence, conduct familiarization tours for travel professionals whom work predominately with independent travelers, and strengthen the international marketing program, particularly in Asia.

Major Component Accomplishments in 2004

Increased interest in Alaska as a visitor destination.

- Redesigned the Official Alaska State Vacation Planner. Improvements included reinforcing branding goals and expanding community pages to provide greater exposure for communities throughout the state.
- Generated over 500,000 requests for Alaska trip planning information from consumers who have a high level of interest in visiting Alaska in the near future.
- Placed nearly \$1 million in television commercials with new footage that reinforces Alaska's brand on national cable networks.
- Increased traffic to TravelAlaska.com by at least 15 percent over FY04 levels (8.6 million page views and 2.8 million unique visitors).
- Executed a national magazine campaign estimated to reach an audience of 8.3 million readers.
- Targeted 2.5 million consumers throughout the U.S. through direct mail campaign with a personal message from the Governor inviting them to visit Alaska.

Implemented programs aimed at increasing independent visitors.

- Re-vamped the highway marketing program – Tourism North – including a new Travel Planner (*North! to Alaska*), a re-designed web site, expanded direct mail and magazine advertising programs, and a much-needed Highway Travel

Feasibility Research Study.

- For the first time in nearly a decade, ATIA participated in consumer shows in key markets that cater to adventure travel, sport fishing and highway travel.
- Recognizing that Alaskans visiting within Alaska is an important market for many communities, ATIA implemented a radio campaign to encourage residents and visiting friends and relatives to travel within the state.
- Provided visibility for the Alaska Marine Highway System (AMHS) by highlighting the routes on TravelAlaska.com and in the State Vacation Planner.
- Provided press kits created for specific market niches including adventure travel, cultural tourism, sport fishing & winter travel.
- Supplied 750+ domestic and international journalists with e-news featuring Alaska stories and events on a monthly basis.

Positioned Alaska as a year-round destination

- Featured winter images in marketing efforts to increase interest in winter activities.
- Participated in the effort to bring 3 direct winter charter flights from Japan non-stop to Fairbanks for the first time in December, 2004 through February of 2005.
- Increased benefits to businesses of participating in the statewide marketing program.
- Assisted communities by highlighting their attractions and services in the State Vacation Planner and on TravelAlaska.com.
- Assisted Alaska businesses in reaching a national audience with their marketing messages through a variety of cooperative marketing programs such as the State Vacation Planner, coop magazine ads placed in national publications, database marketing and online advertising.
- Conducted the third annual Alaska Media Road show that brought together Alaska tourism businesses and national travel writers and editors.
- Conducted research to improve the effectiveness and efficiency of the Tourism Marketing Program, provide valuable information to Alaska businesses, predict how the upcoming season is shaping up and identify barriers to Alaska travel.
- Provided ongoing analysis of web site traffic data to ensure consumers are filtering through all layers of TravelAlaska.com and Alaska businesses are receiving appropriate exposure for their investment.
- Increased availability of ATIA's Alaska film stock footage library for use in tourism promotion efforts by industry.

Statutory and Regulatory Authority

AS 44.33.119-125 Tourism Marketing Contracts

Contact Information

Contact: Caryl McConkie, Development Manager
Phone: (907) 465-5478
Fax: (907) 465-5867
E-mail: Caryl_McConkie@commerce.state.ak.us

Qualified Trade Association Contract Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	3,463.3	4,005.1	5,005.1
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,463.3	4,005.1	5,005.1
Funding Sources:			
1004 General Fund Receipts	3,463.3	2,005.1	3,005.1
1175 Business License Receipts	0.0	2,000.0	2,000.0
Funding Totals	3,463.3	4,005.1	5,005.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Business License Receipts	51173	0.0	2,000.0	2,000.0
Restricted Total		0.0	2,000.0	2,000.0
Total Estimated Revenues		0.0	2,000.0	2,000.0

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	2,005.1	0.0	2,000.0	4,005.1
Proposed budget increases:				
-Qualified Trade Association - ATIA	1,000.0	0.0	0.0	1,000.0
FY2006 Governor	3,005.1	0.0	2,000.0	5,005.1